Fall in prices of cotton

2195. SHRI SHARAD ANANTRAO JOSHI: Will the Minister of TEXTILES be pleased to state:

(a) whether it is a fact that the prices of cotton are falling unprecedently;

(b) if so, the reasons for the down fall in prices and action proposed by Government to arrest this fall;

(c) whether Government intends to rope in Cotton Corporation of India to purchase cotton at MSP; if not, the reasons therefor; and

(d) whether Government intends to compensate the cotton farmers who have sold their produce at distressed prices?

THE MINISTER OF TEXTILES (SHRI SHANKERSINH VAGHELA): (a) Kapas (seed cotton) prices during the first two and half months of the current cotton year (October 2004 to September 2005) has ruled lower by 7%-28% ttan the prices prevailing during the corresponding period last year. Cotton prices in global market during the current cotton year are also ruling lower than the prices prevailing during the corresponding period last year.

(b) Higher domestic as well as global cotton production is the primary reason for low prices of cotton. The cotton prices during the year 2003-04 were unusually high (25-30% above the prices in the preceding year 2002-03) because of low global production (20.61 Million MT) and higher consumption (21.34 Million MT). Therefore, lower prices during the current year as compared to last year are on the expected line. Whenever the market prices of Kapas fall to the level of the Minimum Support Price (MSP) declared by the Central Government, the Cotton Corporation of India (CCI) undertakes MSP operations and procures Kapas without any quantitative limit. During the current cotton season, the CCI has undertaken MSP operations in several States as a result of which prices of cotton have not fallen below the MSP level.

(c) The CCI has already commenced MSP operations in the States of Andhra Pradesh, Gujarat, Haryana, Karnataka, Madhya Pradesh, Orissa, Punjab and Rajasthan. Till 10.12.2004, the CCI has purchased 20,58,420 quintals of Kapas (equivalent to lint cotton of 3,92,080 bales of 170 kg. each).

(d) The cotton growers have been ensured remunerative price through MSP operations by the CCI whenever the market price of Kapas has fallen to the level of the MSP.